

**U.S. House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity**

Hearing on Housing and Economic Development Policy in Ohio

**July 29, 2003
Columbus, Ohio**

**Testimony of The Honorable Michael B. Coleman
Mayor
City of Columbus, Ohio**

Chairman Ney, Congressman Tiberi, Congresswoman Tubbs-Jones, distinguished members of the committee, and local community advocates--Welcome to the great city of Columbus, Ohio. Thank you for the opportunity to give to you my comments on what are some of the most important issues that we face in the City of Columbus

One of the greatest challenges in building strong cities in the 21st Century is to build stronger, safer neighborhoods. These neighborhoods are the lifeblood of our cities, where families live, work and play, and a top priority in maintaining the quality of life is to increase homeownership and address the need for affordable housing. In Columbus, we are doing a great deal to address our needs locally:

- In 2000, we established an Affordable Housing Task Force, whose recommendations are already being implemented. These include: tax incentives for housing construction and rehabilitation, land banking reforms to buy and sell land for development, streamlining the development process and driving down the cost of buying a home, and the establishment of a local housing trust fund.
- In 2001, Columbus/Franklin County Affordable Housing Trust Corporation was created and funded with a dedicated source of revenue from our hotel/motel tax: about \$1 million annually to focus on revitalizing our neighborhoods, increasing home ownership, and providing for affordable housing. We are presently funding more than 800 units through the Trust Fund.
- In 2002, we created five Neighborhood Investment Districts, where, for the first time ever, property tax incentives were offered to families for new infill home construction and for substantial rehabilitation to homes or rental properties.
- A \$3.4 million commitment of HOME funds toward permanent supportive housing for those most in need, the lowest income formerly homeless.

- In 2002-2003 we committed \$6.3 million in HOME funds [more than one year's worth of our HOME allocation] to financially assist the major renovation and upgrading of three large Section 8 projects to preserve affordable housing and enhance their contribution to their neighborhoods.

Remedying the concentration of Section 8 projects in Columbus' neighborhoods

One of the major efforts to renovate and upgrade Section 8 housing is being led by Community Properties of Ohio. They now own one of the largest, scattered-site, Section 8 projects in the nation — more than 1,100 apartments in 249 buildings located in the central city. Through the new ownership arrangement, we are not only helping leverage the rehabilitation of the housing stock, but also ensuring that the residents can continue to receive the affordable housing they need.

Decentralization of these affordable units must also occur in order to improve the quality of life in our neighborhoods. Community Properties is currently working with members of Congress to design a solution that would allow Section 8 subsidies and use restrictions to be transferred to properties in areas of the City where such properties are not heavily concentrated. This will help ease the concentration of poverty and allow new investments to flow into the neighborhoods, bringing a better balance of housing affordability. I look forward to us finding a satisfactory legislative solution to this important issue.

I believe that the proposal to block-grant the Section 8 Voucher Program to the states should not be enacted. The Section 8 Voucher Program administered through our local public housing authority is the most effective way to ensure that local families' housing needs are addressed. A state administered program would not necessarily be less expensive and would only add additional administrative requirements, not streamline or replace them.

Need for greater Federal commitment for housing and community development

In Columbus, the combination of federal HOME resources and local funds are still not enough to meet the housing needs of very low income households—those earning less than 30% area median income in the City of Columbus. That is why it is important that additional federal resources be considered for increasing and preserving the supply of affordable housing. One option is the creation of a national Housing Trust Fund; something that Congress has recently introduced. By leveraging additional federal funds with the efforts of our local housing trust, we can increase the production of affordable housing and better address the housing needs of the low-income households.

I also ask that you consider the creation of a Homeownership Tax Credit, an initiative that can have as great of an impact on the homeownership rate in Columbus as the Low Income Housing Tax Credit has had for affordable rental housing. Columbus needs to increase its 49% homeownership rate and continue to work on providing for new affordable single-family homes. We believe a Homeownership Tax Credit can significantly increase the homeownership rate in the City of Columbus by attracting needed investment in new home developments and complementing local efforts to stimulate owner-occupied housing in our older neighborhoods. I believe that this increase in home-ownership is the key cornerstone of building stronger, safer neighborhoods.

Community Development Block Grants (CDBG)

As in so many cities, parts of Columbus' urban core are still experiencing high levels of poverty, declining populations, and low homeownership rates. Columbus received about \$8 million in CDBG entitlement in 2003 to directly serve such areas, yet this amount is significantly below other cities of similar size and demographics. The population of the older City of Columbus approximates that of

several other urban areas, such as Baltimore, Memphis, Seattle and Honolulu, but Columbus receives less CDBG funds than any of these cities. The need for revitalization in Columbus is just as great as in those other cities. HUD should look at their current allocation formulas and update the criteria so that cities, like Columbus, which experienced major growth after 1940, can get a balanced amount of CDBG funds. I urge you to partner with us to take a look at how the CDBG formula works and make recommendations on the distribution of these funds to reflect the community development and housing needs of our city and other cities.

Summary

1. There is a need to find a legislative solution to allow for the transfer of Section 8 subsidies and use restrictions on the one of the largest Section 8 Projects in the nation—Community Properties—in order to reduce the concentration of subsidized housing in the central city.
2. The proposed Housing Assistance to Needy Families (HANF) should not be enacted. Local administration of the Section 8 Voucher program is the best way to address local housing needs.
3. Additional federal resources should be considered for increasing and preserving the supply of affordable housing. One option is the creation of a national Housing Trust Fund.
4. The creation of a Homeownership Tax Credit can significantly increase the homeownership rate in the City of Columbus by attracting needed investment in new home developments and complementing local efforts to stimulate owner-occupied housing in our older neighborhoods.
5. It is time to take a new look at how the CDBG formula works and make recommendation on the distribution of these funds to achieve a balanced allocation of CDBG funds to reflect the community development and housing needs of our city and other cities.